

Risk Management Advisory Board
Minutes

Date/Time: Monday, February 13, 2017, 6:00 PM

Place: West Hartford Town Hall, Room #221

Members Present: Richard Roberts, Charles Shimkus, Jeff Kadison, Jennifer Herz,
Albert Brenner

Liaison Present: Rick Ledwith

Guest: Evan W. Woollacott, FCA, MAAA, Hooker & Holcombe

1. 2017 RMAB Appointment/Reappointment Status

The chairman introduced Jeff Kadison, a new member and welcomed him to the Board.

2. Election RMAB Chairman/Secretary

Chuck Shimkus nominated Rick Richards and Bert Brenner as Chairman and Secretary, respectively. After Jennifer Herz seconded the nomination, Messrs. Richards and Brenner were elected by acclamation.

3. Review of Actuarial Valuation Report

Evan ("Bill") Woollacott of the firm of Hooker & Holcombe reviewed the July 2015 GASB 45 actuarial valuation report of town's post-retirement benefits other than pension (OPEB) for town and school board employees. Key points in the review included:

- a. As of 7/1/2015, unfunded liabilities equaled \$146.9 million.
- b. As of the same date, the \$702,000 in the OPEB trust represented 0.48% of the actuarial accrued liabilities.
- c. The discount rate used in the valuation was reduced from 7.75% to 7.50%.
- d. So long as contributions to the OPEB trust follow the long-term funding plan, the town will be able to continue to use the 7.50% discount rate. Should contributions fall short of the plan, the discount rate would decline to 2.6%, and the value of the unfunded liabilities would increase substantially. The funding plan calls for contributions to the OPEB trust to increase from \$750,000 in 2015, to \$1,256,000 in 2016, to \$1,622,000 with additional increases in subsequent years until 100% of the annual required contribution (less benefit payments) is made in 2022 and following years, by which time annual contributions will be approximately \$3.7 million.
- e. In response to a question as to why the balance in the OPEB trust did not reflect the \$18 million in the retiree medical fund managed by Fiduciary Investment Advisors, Rick Ledwith explained that the Town's reserves for OPEB are split between reserve funds and the trust. He further noted that although funds in the trust are not bound by the investment restrictions on the reserves, moving money from the reserves to the trust would likely impair the Town's credit rating as those funds would no longer be available for other purposes should necessity require. The Board expressed concern that the investment restrictions on the reserve funds may prevent them from earning the 7.5% rate of return assumed in the valuation. Rick indicated that the staff and

Town Council are well aware of the budget requirements necessary under the long-term OPEB funding plan.

4. Minutes of the November 14th Meeting

Minutes were reviewed and approved as submitted.

5. Risk Management Fund Results

Deferred to the next meeting.

6. Review Risk Management Programs & RMAB's Role

The Board reviewed and discussed. No changes were proposed.

7. Investment Results

Deferred to the next meeting.

8. Quarterly Health Benefits Status

Rick Ledwith reviewed the health claims report as of December 31, 2016. Total claims for the first half of the current fiscal year were \$20,098,489 compared to \$40,241,502 for the previous fiscal year.

The meeting was adjourned at approximately 7:20 PM.